

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3073-09  
BILL NO.: SCS for HB 1292 w/ SA 2, SA 3, SA 6, SSA 1 for SA 9, SA 10, SA 11, SA 12, SA 13, SA 1 to SA 15, and SA 15  
SUBJECT: Insurance - Medical; Consumer Protection; Insurance - Life; Licenses - Professional; Economic Development Department; Insurance - General; Health Care; Health Care Professionals; Medical Procedures and Personnel; Insurance Department; Estates, Wills, and Trusts  
TYPE: Original  
DATE: May 6, 2000

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
All funds	\$0 to (\$12,295,401)	\$0 to (\$15,639,750)	\$0 to (\$16,578,135)
General Revenue*	(\$367,500 to Unknown)	(\$370,475 to Unknown)	(\$370,475 to Unknown)
Athletic	(\$13,230)	(\$15,877)	(\$15,877)
Insurance Dedicated	\$10,050	\$0	\$0
County Foreign Insurance	\$0	\$0	\$0
Fire Education	\$0	\$0	\$0
Fire Education Trust	\$0	\$0	\$0
Fire District Equipment	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$370,680 TO UNKNOWN)</b>	<b>(\$386,352 TO UNKNOWN)</b>	<b>(\$386,352 TO UNKNOWN)</b>

\*Expected to exceed \$100,000 annually.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>

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Federal	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Unknown revenues and expenditures are expected annually and net to \$0.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government*</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

**\*Expected to exceed \$100,000 annually.**

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 18 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning**, the **Missouri Consolidated Health Care Plan**, the **Department of Public Safety - Missouri State Highway Patrol**, the **Office of Attorney General**, and the **Department of Revenue** assume this proposal would not fiscally impact their agencies.

### **SECTION 376.1450**

Officials from the **Department of Insurance**, the **Department of Transportation**, the **Department of Conservation**, and the **Missouri Consolidated Health Care Plan** assume this proposal would not fiscally impact their agencies.

**Department of Social Services (DOS)** officials assume this portion of the proposal would not fiscally impact their agency. DOS states the proposal does not mandate managed care plans to provide the information electronically. DOS states it allows enrollees to choose if they receive documents this way. DOS assumes that the documents and materials referred to in the proposal ASSUMPTION (continued)

are public information documents and not confidential in nature. DOS states that Medicaid managed care would be controlled by very strict federal confidentiality rules which would limit Internet use unless stringent security measures were enacted.

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## **SECTIONS 317.001 and 317.019**

**Department of Economic Development (DED)** officials assume a reduction in revenue, based on FY 1999 fees collected, of \$15,877 from events promoted by small business boxing promoters from the Athletic Fund. This reflects an assumption that the number of licenses would reduce due to the requirements of the proposal.

## **SECTION 335.018**

Officials from the **Department of Conservation**, the **Department of Economic Development - Division of Professional Registration**, and the **Department of Transportation** assume this proposal would not fiscally impact their agencies.

**Department of Insurance (INS)** officials state that they anticipate that current appropriations and staff would be able to absorb the work for implementation of this portion of the proposal. However, if additional proposals are approved during the legislative session, INS may need to request an increase in appropriations due to the combined effect of multiple proposals.

INS states there are 259 health insurers and 30 HMOs that offer health insurance coverage. INS states that of the health insurers, many offer coverage through out-of-state trusts which are not typically subject to such mandates. INS estimates that 171 health insurers and 30 HMOs would each submit one policy form amendment resulting in revenues of \$10,050 to the Insurance Dedicated Fund.

Officials from the **Department of Social Services (DOS)** assume this provision of this portion of the proposal would not fiscally impact their agency.

## **SECTION 374.285**

Officials from the **Office of Courts Administrator (CTS)** assume this proposal would not ASSUMPTION (continued)

fiscally impact their agency.

Officials from the **Department of Insurance (INS)** assume current appropriations will be able to absorb the expense of implementing this portion of the proposal. However, if additional proposals are approved during the legislative session, or the volume of requests for expungement become excessive the department may need to request an increase in appropriations due to the

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combined effect of multiple proposals.

### **SECTIONS 375.1168, 375.1176, and 375.1182**

Officials from the **Office of State Courts Administrator** and the **Office of State Auditor** assume this proposal would not fiscally impact their agency

Officials from the **Department of Insurance (INS)** state that it is likely that administrative costs for receiverships would increase as a result of this portion of the proposal. INS states this would result in increased assessments to the Guaranty Association and therefore a decrease in premium taxes collected as a result of credits taken by insurers for the Guaranty Association assessments. INS states the fiscal impact of this proposal is unknown.

### **SECTION 375.1220**

Officials from the **Department of Insurance (INS)** assume this portion of the proposal would not fiscally impact their agency. However, if receiverships may not use claims estimations to compel payment from reinsurers, the affect may be to defer the receipt of certain premium tax revenues. Losses from insolvent insurance companies are funded by the state guaranty associations. The guaranty associations must assess other, solvent insurers in order to fund the losses from insolvent insurance companies. Insurance companies are allowed a tax credit against their premium tax liability for assessments paid to the guaranty associations. INS officials assume a delay in the collection of reinsurance proceeds could cause more losses to be funded by the guaranty associations, which will then wait for the reimbursement, by the receiver from eventual collection of reinsurance. This delay would in turn cause a temporary increase in credits against premium tax, which would later be returned to the treasury when the reinsurance collections are credited to the guaranty association. The end result would be a deferral of state revenue.

### ASSUMPTION (continued)

**Oversight** assumes the removal of the sunset provision for claims estimations in receivership proceedings would result in no fiscal impact in the years involved with this fiscal note. However, the repeal of this sunset clause would cause a delay in the collection of reinsurance possibly causing an unknown fiscal impact on future years beyond FY2004.

### **SECTION 376.1361**

MPW:LR:OD:005 (9-94)

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Officials from the **Department of Social Services**, the **Department of Transportation**, the **Department of Insurance**, the **Missouri Consolidated Health Care Plan**, the **Department of Conservation**, and the **Department of Public Safety - Missouri State Highway Patrol** assume this proposal would not fiscally impact their agencies.

### **SECTION 384.043**

Officials from the **Department of Insurance (INS)** state they anticipate that current appropriations and staff would be able to absorb the work for implementation of this portion of the proposal. However, if additional proposals are approved during the legislative session, INS may need to request an increase in appropriations due to the combined effect of multiple proposals. INS also states there are approximately 275 surplus lines brokers currently carrying a \$10,000 bond. INS states the state collects an average of \$7 to \$8 million in premium tax annually from surplus lines brokers. INS states the exposure to potential loss under current bonding requirements is sufficient. INS anticipate that changing the bonding requirements would probably provide a small increase in premium tax but an estimate would be difficult.

### **SECTION 461.051**

Officials from the **Office of State Courts Administrator**, **Department of Economic Development - Division of Finance** and **Department of Insurance** assume that this portion of the proposal will not fiscally affect their agencies.

### **Amendment 2**

Officials from the **Office of State Courts Administrator** assume this amendment would not  
ASSUMPTION (continued)

fiscally impact their agency

Officials from the **Department of Insurance (INS)** state that it is likely that administrative costs for receiverships would increase as a result of this amendment. INS states this would result in increased assessments to the Guaranty Association and therefore a decrease in premium taxes collected as a result of credits taken by insurers for the Guaranty Association assessments. INS states the fiscal impact of this proposal is unknown.

### **Amendment 9**

MPW:LR:OD:005 (9-94)

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Officials of the **Department of Labor and Industrial Relations (DOLIR)** assume the proposal would require misconduct to be found when an individual is discharged or suspended for testing positive for a controlled substance providing the nature of the individual's work involves heavy equipment or could place the safety of others at risk. DOLIR officials note that generally the department currently finds misconduct when an individual is discharged or suspended for failing a drug test when the policy to test is part of a collective bargaining or hiring agreement, and the individual has prior knowledge of such an agreement; or, in the case of a random drug test, there is reasonable suspicion that the person is under the influence on the job; or, there is conduct that shows impairment to the extent that it impacts on the workplace; or, the individual is in a safety-sensitive job. These factors are providing the testing procedures are reliable, and the employer has documentation to support this. Claims under the current guidelines cannot be identified, and the claims that could be affected under the new proposal cannot be predicted. Although the proposal may increase the denial of benefits, officials note that it is not possible to estimate the amount of potential savings to the unemployment compensation trust fund. However, they expect the amount would be minimal.

Officials of the **Department of Economic Development - Division of Workforce Development** assume the proposal would have no fiscal impact on their agency.

Officials of the **Department of Public Safety - Director's Office** assume the proposal could indirectly impact the department if an employee applied for unemployment compensation. They note that the Office of Administration handles all such claims for the department, with the cost charged to OA. The **Divisions of Highway Safety** and **Fire Safety** and the **Capitol Police** assume they would incur no fiscal impact from the proposal.

The **Office of Administration** did not respond to a request for fiscal impact prior to issuance of ASSUMPTION (continued)

this fiscal note.

**Oversight** assumes that there would not be a significant impact on claims filed against the state or local governments as a result of the proposal, and therefore no fiscal impact is reflected.

## **Amendment 10**

Officials from the **Department of Insurance**, the **Department of Revenue**, and the **University of Missouri** stated the proposal would not affect their agencies, administratively.

In response to a similar proposal, the **Department of Public Safety** and the **Office of the State Treasurer** assumed the proposal would not affect their agencies, administratively.

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The **Governor's Budget** for FY 2001 shows General Revenue Insurance Tax receipts of \$145,801,930 in FY 1999 and estimates receipts of \$147,000,000 for FY 2000 and \$148,190,000 for FY 2001. One-half of these collections are retained by the General Revenue Fund. This proposal would allow transfers to the Fire Education Trust Fund of approximately \$367,500 in FY 2001 and \$370,475 in FY 2002. Oversight assumes receipts would remain constant at \$148,190,000 per year, subsequently.

## **Amendment 12**

Officials from the **Department of Conservation**, the **Department of Transportation**, the **Department of Insurance**, and the **Department of Public Safety - Missouri State Highway Patrol** assume this proposal would not fiscally impact their agencies.

**Missouri Consolidated Health Care Plan (HCP)** officials state that competition fuels the contract negotiations between a physician and a medical plan. Typically, providers give discounts in exchange for patient volume. If everyone participates and the volume is no longer guaranteed they may no longer participate and the prices would start to escalate. This would result in significant cost to the plans that would recoup these costs through increased premiums. A couple of years ago, several studies were done on this issue with a wide range of impacts. A study by the Barents Group, LLC of KPMG Peat Marwick, LLP for the Alliance for Managed Care states the impact to be about 15 percent. Another study done by Atkinson and Company estimates the impact to be between 9.1 and 28.7 percent. In this response, HCP has is taking a ASSUMPTION (continued)

rather conservative approach on the fiscal impact of this proposal and use 10 percent.

In 2000 managed care is expected to cost a total of \$204,923,350 for the state members and \$94,175,971 for the Public Entities. Currently, the state contributes approximately 72% towards the state member's premium. Therefore, the fiscal impact for the first year could be \$15,639,750 for the state and \$9,982,653 for the Public Entities.

	<u><b>MCHCP</b></u>	<u><b>Public Entities</b></u>
<b>Fiscal Impact First 10 Months:</b>	\$ 12,295,401	\$ 7,847,998
<b>Fiscal Impact First Year:</b>	\$ 15,639,750	\$ 9,982,653
<b>Fiscal Impact Second Year:</b>	\$ 16,578,135	\$10,581,612

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state the proposal affects them because DMS administers a managed care program which contracts with health maintenance organizations (HMO) for the purpose of providing health care services through capitated rates. These HMOs would be subject to the regulations in this proposal.

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DMS states the proposal mandates that plans cannot prohibit or limit a health care provider willing to accept the plan's operating terms and conditions, its schedule of fees, covered expenses, utilization regulations and quality standards, from the opportunity to participate in that plan. DMS states this is essentially "any willing provider" language. "Any willing provider" language reduces a plan's ability to negotiate aggressive rates based on guaranteed volume because the potential for guaranteed volume is reduced when the number of providers cannot be strictly controlled. This affects the entity paying the plans to operate the program which in the case of the managed care program is DMS.

DMS estimates there would be fiscal impact to DMS because of this proposal. The proposal affects the shape of the plans' networks and also reduces the ability of the plans to negotiate terms. DMS states it is not possible to estimate the amount of the impact at this time. The cost impact would be incurred when bids are made by the plans because they would include the increased cost in their bid. Capitation payments to managed care plans in FY99 were over \$355 million. For the sake of perspective, an increase of just one percent in the cap rate would result in an additional annual cost of \$3.6 million.

#### ASSUMPTION (continued)

#### **Amendment 13**

Officials from the **Department of Insurance (INS)**, **Department of Transportation (DHT)**, **Missouri Department of Conservation (MDC)**, **Department of Public Safety - Missouri State Highway Patrol (MHP)**, **Department of Social Services (DOS)** and **Department of Health (DOH)** assume this proposal would not fiscally impact their agencies.

**Missouri Consolidated Health Care Plan (HCP)** officials assume this proposal would require any mandated health benefit approved by the General Assembly to apply only to the HCP for a period of at least one year. HCP assumes a statewide mandated benefit would control cost better and give a better estimate of the overall cost. However, if the mandated benefit would only apply to HCP, cost may not be representative on a statewide basis depending upon HCP's utilization.

HCP states that due to the uncertainty of what mandated benefits the General Assembly may approve, plans would hesitate to bid or refuse to enter into any contracts for longer than one year affecting HCP's purchasing power and plan stability. Also plans may experience difficulties with producing the cost and utilization data in a timely manner. With the March 1<sup>st</sup> deadline



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some plans may not be able to produce a full year's information necessary for HCP to evaluate the impact. HCP assumes there would also be a cost to track and report data.

Depending on the mandated benefit approved by the General Assembly, HCP could see a rise in cost for dependent coverage and/or employee coverage. Members may join HCP just to utilize this benefit resulting in additional premium costs for the state. Members may also seek this benefit regardless of health condition causing over-utilization in some areas.

In addition, HCP assumes since the mandated benefit would not become law until August of each year, any cost required as a result of the mandated benefit would not be accounted for in the previously approved budget. The state would have to find new funds to cover the cost of the mandated benefits.

HCP assumes since this proposal leaves so many uncertainties, it is not possible to report an actual dollar amount in connection with its fiscal impact. However, depending upon the mandate it could be very significant, even several million dollars.

**Oversight** assumes depending on the mandate, costs could exceed \$100,000 in a given year. However, without any new mandated health insurance coverage, Oversight assumes this ASSUMPTION (continued)

legislation would have no direct fiscal impact.

## **Amendment 15**

Officials from the **Department of Public Safety - Missouri State Highway Patrol**, the **Office of Administration**, the **Department of Conservation**, and the **Department of Transportation** assume this portion of the proposal would not fiscally impact their agencies.

**Department of Insurance (INS)** officials anticipate that current appropriations would be able to absorb the expense of task force meetings, etc., but depending on number of meetings and locations, INS may need to request an increase in appropriations.

Officials from the **Missouri Consolidated Health Care Plan** state this portion of the proposal would require some administrative cost to the carriers which may be passed along in the premiums. However, any impact should be minimal.

**Department of Corrections (DOC)** officials did not respond to our fiscal note request. However, in responding to similar proposal last session, DOC responded they assumed there would be no fiscal impact to their agency.

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**Oversight** assumes the **Office of Secretary of State (SOS)** could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**ALL FUNDS**

Costs - All Funds

Increased state contributions	<u>\$0 to</u> <u>(\$12,295,401)</u>	<u>\$0 to</u> <u>(\$15,639,750)</u>	<u>\$0 to</u> <u>(\$16,578,135)</u>
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**ESTIMATED NET EFFECT ON ALL FUNDS**

<u>\$0 TO</u> <u>(\$12,295,401)</u>	<u>\$0 TO</u> <u>(\$15,639,750)</u>	<u>\$0 TO</u> <u>(\$16,578,135)</u>
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**GENERAL REVENUE FUND**

Loss - Department of Insurance

Reduced premium taxes*	(Unknown)	(Unknown)	(Unknown)
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Transfer - Department of Insurance

Premium taxes to Fire Education Fund	(\$367,500)	(\$370,475)	(\$370,475)
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Costs - Department of Social Services

Medical assistance payments*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND\***

<u>(\$367,500 TO</u> <u>UNKNOWN)</u>	<u>(\$370,475 TO</u> <u>UNKNOWN)</u>	<u>(\$370,475 TO</u> <u>UNKNOWN)</u>
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**\*Expected to exceed \$100,000 annually.**

**ATHLETIC FUND**

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>Loss - Department of Economic Development - Division of Professional Registration</u>			
Event fees	<u>(\$13,230)</u>	<u>(\$15,877)</u>	<u>(\$15,877)</u>
<b>ESTIMATED NET EFFECT ON ATHLETIC FUND</b>	<b><u>(\$13,230)</u></b>	<b><u>(\$15,877)</u></b>	<b><u>(\$15,877)</u></b>

#### **INSURANCE DEDICATED FUND**

<u>Income - Department of Insurance</u>			
Filing fees	<u>\$10,050</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$10,050</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

#### **COUNTY FOREIGN INSURANCE FUND**

<u>Savings - Department of Insurance</u>			
Reduction in distributions	Unknown	Unknown	Unknown
<u>Loss - Department of Insurance</u>			
Reduction in premium taxes	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON COUNTY FOREIGN INSURANCE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

#### **FIRE EDUCATION FUND**

Income - Transfer from General Revenue	\$367,500	\$370,475	\$370,475
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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
Cost - Transfers to Fire Education Trust Fund	(\$300,000)	(\$300,000)	(\$300,000)
Cost - Transfer to Fire District Equipment Fund	<u>(\$67,500)</u>	<u>(\$70,475)</u>	<u>(\$70,475)</u>

<b>ESTIMATED NET EFFECT ON FIRE EDUCATION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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#### **FIRE EDUCATION TRUST FUND**

Income - Transfers from Fire Education Fund	\$300,000	\$300,000	\$300,000
Cost - Appropriations for Fire Education Programs	<u>(\$300,000)</u>	<u>(\$300,000)</u>	<u>(\$300,000)</u>

<b>ESTIMATED NET EFFECT ON FIRE EDUCATION TRUST FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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#### **FIRE DISTRICT EQUIPMENT FUND**

Income - Transfer from Fire Education Fund	\$67,500	\$70,475	\$70,475
Cost - Missouri Fire Education Commission Grants	<u>(\$67,500)</u>	<u>(\$70,475)</u>	<u>(\$70,475)</u>

<b>ESTIMATED NET EFFECT ON FIRE DISTRICT EQUIPMENT FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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#### **FEDERAL FUNDS**

Income - Department of Social Services

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
Medicaid reimbursements*	Unknown	Unknown	Unknown
<u>Costs - Department of Social Services</u>			
Medical assistance payments*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS*</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>*Expected to exceed \$100,000 annually.</b>			

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Loss - Local Political Subdivisions</u>			
Reduction in premium tax distributions*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Costs - Political Subdivisions</u>			
Increased local contributions	<u>\$0 to (\$7,847,998)</u>	<u>\$0 to (\$9,982,653)</u>	<u>\$0 to (\$10,581,612)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>

**\*Expected to exceed \$100,000 annually.**

#### FISCAL IMPACT - Small Business

Boxing promoters could have administrative duties and costs for premiums on insurance policies.

Small medical business practices would be expected to be fiscally impacted to the extent they would incur increased revenues as a result of this proposal. In addition, small businesses with health plans would be expected to be fiscally impacted to the extent that they would incur changes in insurance premium rates.

Small health carriers may be fiscally impacted to the extent that they would incur additional administrative costs as a result of the requirements of this proposal.

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Small surplus lines brokers would be fiscally impacted to the extent they would incur additional cost of the bonding requirements included in this proposal.

If small businesses would have to modify existing beneficiary designations on various legal documents, the fiscal impact would be expected to be minimal.

Small business practices would expect to be fiscally impacted to the extent they would be able to participate in more health plans.

#### FISCAL IMPACT - Small Business (continued)

Possible small insurance cost savings may result from this proposal to certain small businesses since any new mandated health insurance coverage would apply only to the Missouri Consolidated Health Care Plan for the first year.

Small insurance companies and small health maintenance organizations would be expected to be fiscally impacted to the extent they would incur additional administrative costs due to the requirements of this proposal.

#### DESCRIPTION

This proposal would allow any managed care entity to provide documents and materials to an enrollee via the entity's Internet site, instead of in printed form, upon securing a waiver from the enrollee. The enrollee may revoke the waiver at any time.

The proposal has a provision that would require a professional boxing promoter to file proof of insurance of not less than \$100,000 for each boxer with the department of economic development. If the promoter does not file proof of insurance, it would not be issued a permit or license to promote professional boxing matches. The insurance policy would cover any medical expense associated with a boxing injury. The insurance policy would also pay the boxer's estate if the boxing injury results in death. The proof of insurance requirements would not apply to not for profit organizations sponsoring boxing contests.

The proposal has a provision to prohibit a health carrier from retracting its authorization of health care services unless that health carrier's coverage is secondary to other valid insurance coverage. The provision would prohibit a health carrier from retracting its authorization of services unless the person's coverage under the plan has exceeded the person's annual or lifetime benefit limit.

The proposal has a provision that would provide that the statutory presumption which holds that the beneficiary designations made to a former spouse are revoked upon the date of the marriage dissolution shall only apply to beneficiary designations made on or after August 28, 1989.

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The proposal has a provision that also revise the law regarding the licensing of out-of-state insurance agents and brokers. The Director of Insurance would not charge a nonresident a greater fee for an insurance license simply because he or she resides out of Missouri. An application for a license shall be waived if the person has a valid license from another state and that state grants Missouri residents the same privilege. The completion of continuing education requirements in another state will satisfy Missouri's requirements.

DESCRIPTION (continued)

The proposal has a provision that would define who a registered nurse first assistant is; states that the Missouri Board of Nursing would promulgate rules regarding their certification, and requires insurance companies to refer to this section for the definition of a registered nurse first assistant for reimbursement purposes. This section would not mandate coverage for services provided by a RFNA, but an insurance company may not deny coverage based on lack of statutory recognition.

The proposal has a provision that would permit the Director of the Department of Insurance to expunge public records kept by the department regarding any insurance agent, upon the request of the agent. A decision by the director to not expunge a record would be deemed an exhaustion of all administrative remedies, permitting the agent to file an action in circuit court to seek such expungement.

The proposal has a provision that would amend the bonding amount required for insurance brokers selling surplus lines insurance so as to be the smaller of \$100,000 or an amount equal to the broker's tax liability for the previous tax year. Currently, a bond of \$10,000 is required.

The proposal has a provision that would revise the powers and duties of the rehabilitator and liquidator in insurance company insolvency proceedings.

The proposal has a provision that the Director may hire employees to assist him in his duties as rehabilitator but no employee hired can be related within the second degree by blood or marriage to the rehabilitator, the special duty rehabilitator, or to any law firm or consulting firm receiving fees from the insurer's assets. The liquidator's employees, legal counsel and other personnel would not be related within the first degree by blood or marriage to the liquidator, special duty liquidator, or any law firm or other persons receiving fees from the insurer's assets.

The proposal has a provision that the attorney who serves as a special duty rehabilitator may not serve as counsel to the rehabilitator or to the company undergoing rehabilitation.

The proposal has a provision that the rehabilitator may pursue all appropriate legal remedies, upon court approval, if it appears that there has been criminal or tortious conduct committed.

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The court would not approve the pursuit of legal remedies by the rehabilitator unless it finds that the costs and benefits of such investigation would exceed its costs. The court may impose conditions on the rehabilitator's pursuit of legal remedies to conserve the insurer's estate.

The proposal has a provision that no attorney other than the Attorney General may appear on DESCRIPTION (continued)

behalf of the rehabilitator or liquidator in the court of appeals or the supreme court when the issue involves a lower court opinion or order.

The proposal has a provision that a special deputy may not serve in the rehabilitation of an insurance company if he or she represented that insurer before.

This proposal has a provision that would extend the sunset clause on section 375.1220 which would allow the estimation of contingent liability claims in receivership proceedings for the purpose of fixing a creditor's claim in the estate. The sunset would be extended four years.

The proposal has a provision that would require misconduct to be found when a claimant for unemployment benefits is discharged or suspended for testing positive for a controlled substance providing the nature of the individual's work involves heavy equipment or could place the safety of others at risk.

The provision of the proposal would change the base years and the percentage for calculating premium taxes levied on insurance companies, which are transferred from the General Revenue Fund to the Fire Education Fund.

The provision of the proposal would require a health carrier to allow any willing provider to participate in its network if that person satisfies all of the selection standards and would be known as the "Patient Freedom Act of 2000". Currently, Section 354.606, RSMo, deals with contracts between health carriers and health care professionals. This provision states that health carriers may not develop selection criteria in such a way that it would deny a health care professional the opportunity to become a participating provider if that professional meets all of the selection criteria and would be willing to abide by all other terms and conditions.

The provision of the proposal would require that any new mandated health insurance coverage would apply only to the Missouri Consolidated Health Care Plan (MCHCP) for one year. Following the one-year period, the board of the MCHCP would submit to the General Assembly a report describing the effect of the mandated coverage on the MCHCP. The board would also recommend whether the mandated coverage should continue. The proposal would also require the General Assembly to periodically review any health insurance coverage mandated by the state.

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The provision of the proposal would require health insurance carriers to use standardized forms for the explanation of benefits and referrals. Health carriers would be required to use the

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explanation of Medicare Benefits Part B form for the explanation of benefits. The standardized referral form would be developed by a task force established by the Department of Insurance. The standardized forms would be used by health insurance carriers and providers after January 1, 2002.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance  
Missouri Consolidated Health Care Plan  
Department of Transportation  
Department of Conservation  
Department of Social Services  
Office of Administration  
Division of Budget and Planning  
Department of Economic Development  
Department of Revenue  
Department of Public Safety  
Missouri State Highway Patrol  
Office of State Courts Administrator  
Office of Attorney General  
Department of Health  
Department of Labor and Industrial Relations  
Office of State Treasurer  
University of Missouri



Jeanne Jarrett, CPA  
Director

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